



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 19, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

Budget Conference Committee - Estimated Impact on the County

As reported in our June 9, 2008 Sacramento Update, the combined impact of the Governor's FY 2008-09 Proposed Budget and May Revision proposals is an estimated \$357.5 million loss to the County. However, actions taken by the Assembly Budget Subcommittees and the full Senate Budget Committee rejected many of these proposals. As a result, only eight County issues totaling \$94.5 million were included in the initial Budget Conference Committee Agenda.

While the County's fiscal exposure would appear to be limited to \$94.5 million, the State's Budget crisis is far from being resolved and any, or all, of the budget proposals of County interest may be reconsidered at any time as part of budget negotiations. The issues that comprise the County's fiscal exposure include:

Estimated Impact	Budget Conference Committee Issues
\$ 55.3 million	Proposal to reduce Medi-Cal Administration funding.
\$ 7.6 million	Proposal to reduce In-Home Supportive Services Administration funding.
\$ 4.5 million	Ten percent reduction to the California Children Services Program.
\$ 0.8 million	Ten percent reduction to Immunization Programs.
\$ 8.0 million	Ten percent reduction to Juvenile Probation Camp funding.
\$ 3.3 million	Ten percent reduction to the Juvenile Justice Crime Prevention Act Program.
\$ 1.0 million	Ten percent reduction to the Citizen's Option for Public Safety Program.
\$ 14.0 million	Proposal to delay SB90 Deferred Mandates repayment.
\$ 94.5 million	Estimated Impact – Budget Conference Committee

Legislative Republicans Present Budget Reform Plan

Based on various news accounts, it appears that the leaders from both Houses have not made a lot of progress as part of budget negotiations. As an example, yesterday Assembly and Senate Republican legislators held a press conference where they reaffirmed their opposition to tax increases and unveiled a new budget reform proposal to limit State spending. The new proposal would restrict State spending and create a rainy-day fund reserve which Republican leaders claim would end the boom and bust cycles of the State Budget. The Republican proposal is similar to the Governor's proposed Budget Stabilization Act; however, instead of focusing on revenues, the proposed plan would limit annual State spending growth to the combined percentage change in population growth and inflation, which Republicans estimate to be approximately five percent annually.

We will continue to keep you advised.

WTF:GK
MAL:MR:hg

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants